

DD-1577

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79-0534

9 FEB 1979

MEMORANDUM FOR: Deputy Director for National Foreign Assessment
Deputy Director for Operations
Deputy Director for Science and Technology
Chairman, Executive Career Service Board

FROM : Don I. Wortman
Deputy Director for Administration

SUBJECT : Status of Considerations for Adoption of Certain
Provisions of the Civil Service Reform Act of
1978

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File Personnel

1. This memorandum is to inform you of the current status of the ongoing review of two primary features of the Civil Service Reform Act of 1978 -- The Senior Executive Service and Merit Pay for Supervisors -- as regards possible adaptation for application within the Agency.

2. The CIA has been exempted from the Senior Executive Service and Merit Pay for Supervisors sections as well as most of the other major provisions of the Reform Act. The basis for these exemptions is primarily related to considerations other than a rejection of the theory and principles involved.

3. The Office of Personnel, therefore, working in coordination with the Offices of the Legislative Counsel and General Counsel has been and is continuing to analyze the Senior Executive Service and Merit Pay provisions of the Reform Act and is actively participating in the informational seminars and briefing sessions conducted by the Office of Personnel Management. The Office of Personnel Management is now in the process of developing additional interpretive guidances that are needed and essential to the completion of the fuller analyses of these provisions of the Act and the development of proposals for possible modified adaptation within the Agency's personnel management system.

4. Among the non-exempted agencies, which may not modify application of the statute, the Senior Executive Service is scheduled to become effective in July 1979 while Merit Pay is scheduled for phased introduction in 1979 with full implementation in 1981. In the covered agencies, participation in the Senior Executive Service and Merit Pay entitlements for increased basic pay plus the various "performance awards" is limited only to supervisors and managers without any comparable emoluments for non-supervisory

personnel. In an agency such as ours, adoption of these systems without inclusion of both supervisors/managers and comparably graded non-supervisors would create inequities and would offer little inducement and benefits for our senior analysts and substantive officers in relationship to excellence of performance.

5. Conceptually the Senior Executive Service and Merit Pay provisions are quite attractive in that they establish a common thread tying directly together individual performance to individual compensation in relationship to the accomplishment of pre-established performance standards of assigned organizational and individual objectives. The validity and success of this performance/compensation system will hinge upon the integrity and objectivity of the performance evaluation system that must provide an equitable and defensible basis for differentiated compensation between peers. Basic pay differentials that are not clearly linked and confirmed to performance differential will quickly discredit the system. Similarly compensation systems that do not tangibly differentiate compensation for jobs involving more demanding responsibilities and higher risks from those with lesser demands will also be discredited. Thus, while the theoretical strengths of the reforms are readily apparent, the practices of the reforms in terms of the development of the operating programs must be carefully designed and scrupulously applied to insure their final value and success.

6. The Office of Personnel has established a high priority to the continued review of these aspects of the Reform Act through analysis of the Office of Personnel Management guidelines and insights as may be gained from initial applications instituted in the covered agencies. It is also mindful of community implications and is touching base with the Resource Management Staff. It is important that the Agency seek to avail itself of those features of the Act that support effective management but avoid premature commitments that may lead to undesired consequences. As the Office of Personnel obtains additional insights into the reforms and formulates more definitive positions relative to possible adaptations of those features of the Act that appear beneficial to our Agency and our personnel we will request your inputs concerning these issues so that appropriate recommendations can be made to the Director.

Don I. Wortman

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REMARKS

Ben:

I have read a number of your papers on the question of the Agency's reaction to the Civil Service Reform Act. Do we have some kind of timetable to study this question and make recommendations to the DCI?

C. D. May
A/DDA

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File Personnel

SUBJECT: (Optional)

Civil Service Reform Bill

FROM:

Deputy Director of Personnel
5-E 58

EXTENSION

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DATE

29 March 1979

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COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

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In answer to your question, attached.

As you know, there are two major categories in the Reform Bill: the Senior Executive Service (SES) and the Merit Pay Principles for GS-13 - GS-15 managers. Per prior discussions with the DD/A, we are committed to a paper by mid-April concerning implementation of SES principles within CIA. We will meet with him and you to be sure that our thinking is in accord. From that meeting we will then move into Agency coordination; i.e., OGC and OLC, on a proposal to the DDCI and DCI.

Merit Pay Principles are something else again. These principles will be applied to 25% of agencies in 1979, 50% more in 1980, and the remaining 25% in 1981. It is our present thinking that the subject, the application of the principles, and administrative concerns are so complicated that it would be prudent for us to await the experience of other agencies. Certainly, we can discuss this as well in our forthcoming meeting with the DD/A.

will be briefing the DD/A Staff Meeting this Friday on SES and will brief Office Heads at [redacted] on the Merit Pay Principles.

Att